GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:43
ANSWERED ON:19.11.2007
PROCUREMENT COST UNDER DECENTRALISED SCHEME
Jagannath Dr. M.

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the cost of procurement of foodgrains under the Decentralised Procurement Scheme in some States is higher than the corresponding cost of procurement in the FCI operations;

(b) if so, the steps taken or proposed to be taken to remedy the situation;

(c) whether the Government has any proposal under its consideration to review the said scheme in the light of high procurement costs; and

(d) if so, the details thereof?

Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a), (b), (c) & (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE STARRED QUESTION NO. 43 DUE FOR ANSWER ON 19.11.2007 IN THE LOK SABHA.

(a): The cost of procurement (acquisition cost) of foodgrains by the Food Corporation of India (FCI) is not comparable with the cost of procurement by the Decentralised Procurement (DCP) States, since some incidentals which are part of the acquisition cost for DCP States form part of the distribution cost of the FCI. However, the economic cost (which includes both acquisition cost as well as distribution cost) of wheat and rice for FCI on All India basis is higher than the economic cost of wheat and rice procured by individual State Governments under the Decentralised Procurement Scheme. Procurement of foodgrains under DCP operations also results in savings in transportation cost.

(b), (c) & (d): Does not arise.